



**City Council Workshop Agenda
Monday, August 17, 2020
5:30 p.m. via Zoom**

- I. Finance Policies
 - a. Purchasing Policy
 - b. Federal Grant Guidance Policy
 - c. Fund Balance Policy

- II. 2021 Budget
 - a. Preliminary Property Tax Levy
 - b. Identify Any Other Budget Priorities



PURCHASING POLICY

Purpose

To comply with Minnesota Statute 471.345 and to establish specific guidelines for the purchase of goods and services by the employees of the City of Hastings.

Policy

It is the policy of the city to acquire goods and services through a competitive process whenever practical that results in supply arrangements at the most effective net cost, in the correct quantities, of the appropriate quality, and from the most responsive and responsible source. Purchasing and supply management functions at the city are delegated to the department directors, requiring diligent attention to the governing laws and rules.

Purchasing goods and services using a purchasing card is covered under the Purchasing Card Policy.

All federal grant expenditures will be in compliance with OMB 2CFR200 (Uniform Guidance). All federal grant expenditures must be reasonable, necessary, and adequately documented. All federal grant expenditures must be deemed to be allowable under specific grant agreements and in accordance with 2CFR200, subpart E.

Cooperative Purchasing Agreements

When possible, every effort should be used to take advantage of cooperative purchasing agreements as a cost savings measure. The city shall maintain its membership with the State Cooperative Purchasing Program. By using the State's plan, bidding requirements are already fulfilled.

Governing Laws Contracting Bid State Laws

A city entering into an agreement for the sale or purchase of supplies, materials, equipment or the rental thereof, or the construction, alteration, repair or maintenance of real or personal property must abide by the statutes relating to contracting and bidding. Minnesota Statute 471.345 was established to provide dollar limits for all cities upon contracts that shall or may be entered into on the basis of competitive bids, quotations or purchase or sale in the open market. This statute puts the following basic requirements on cities (based on the estimated contract amount):

- For contracts over \$175,000 – sealed bids shall be solicited by public notice in the manner and subject to the particular requirements of the city. The sealed bids shall be solicited by public notice and be kept on file. City Council will approve these contracts during a regularly scheduled meeting.
- For contracts exceeding \$25,000 but not \$175,000 – sealed bids or by direct negotiation, by obtaining two or more quotations for the purchase or sale when possible, and without advertising for

bids or otherwise complying with the requirements of competitive bidding. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof.

- For contracts \$25,000 or less – the contract may be made upon quotation or in the open market, at the discretion of the city. If the contract is made upon quotation it shall be based, so far as practicable, on at least two quotations which shall be kept on file for a period of at least one year after their receipt.

Extra care should be exercised when using sole source vendors. The City Administrator and Finance Manager must approve such purchases in advance. Procurements will not be split to avoid competition or council action.

Federal Purchases

Under uniform grant guidance (2 CFR 200.317–326) there are additional procurement requirements that need to be considered when making purchases related to a federal program. Five procurement methods are identified including: micro-purchase (<\$10,000), small purchase procedures (<\$250,000), sealed bid (>\$175,000), competitive proposal (>\$175,000), and noncompetitive proposal (>\$3,500). The general purchasing policy addresses many of these requirements and the City will also consider the full requirements in relation to each method as described in 2 CFR. The micro-purchase threshold which is set by Federal Acquisition Regulation at 48 CFR Subpart 2.1 is subject to change with inflation. The City will follow changes to thresholds as modifications occur. When practicable, micro-purchasing will be distributed among qualified suppliers.

The city will review the excluded parties list (<https://www.sam.gov>), to ensure than no tentative parties, suspended and/or debarred contractors are contract with using federal dollars. When using federal funding and making purchases in excess of \$2,000 for construction dollars are subject to the Davis-Bacon Act. Also, the city will avoid unnecessary/duplicate purchases, encourage use of excess Federal surplus property, documenting rationale for procurement method used for purchases, and documentation of selection of contract type maintained in the files. In addition, the city will consider intergovernmental agreements where appropriate for procurement or use of common or shared goods and services.

Director/Manager Responsibilities

Department Directors/Managers and other persons authorized to purchase are responsible for certain functions related to purchasing and payment for goods and services received. The responsibilities are:

- Purchasing done on a competitive basis and consistent with the approved annual budget.
- Control of purchased goods and services to ensure only authorized use.
- No reimbursement for use of personal gift cards or store rebates.
- All terms and conditions (including pricing) of the purchase as specified in the purchase order and applicable contract are attained prior to the payment of the claim.
- Providing the Finance Department with approved invoices and supporting written documentation in a timely manner.
- Immediate notification to the Finance Department of any circumstances affecting acceptability, performance, or any other reason which may lead to withholding of payment.

- Cooperation with the Finance Department in resolving disputes with vendors regarding terms, quantity, or any questions of performance.
- Designating budget coding of all invoices.
- House documents showing multiple bids or state bid pricing.

Finance Department Responsibilities

The Finance Department personnel are responsible for the following:

- Assistance in seeking vendors to provide the best price availability.
- Reasonable audit tests to determine fund availability, legality and validity of obligations for payment.
- Pay authorized bills that meet procedural requirements.

Competitive Price Quote/Bids

Competitive price quote/bids require the following:

- Purchaser must obtain competitive price quotes/bids for services or commodities as outlined in Contracting Bid Law Section of this policy.
- Purchaser will prepare a purchase order or documented invoice and submit to the Department Director/Manager and the Finance Department for approval.
- A documented invoice allows all necessary information and approvals to be placed directly on the invoice. This would apply to emergency purchases of goods and services and to routine items such as utility bills.

Purchases

Purchases under \$5,000 are approved by department directors/managers when in the budget. Unbudgeted expense under \$5,000 must have City Administrator sign off.

Purchases from \$5,000 to \$175,000 will have approval from department directors/managers and the City Administrator when in the budget. Unbudgeted expense over \$5,000 must be approved by City Council.

Purchases over \$175,000 will be approved by City Council during a City Council meeting.

Expense Vouchers

Expense vouchers must have the following:

- Tabulation of quotes/bids where appropriate;
- Account number and project information if applicable;
- Budget appropriation for item or service requisitioned;
- Department Director/Manager approval;
- Date ordered and approximate date to be received;
- Full vendor name/address – no abbreviations;
- All items purchased must be listed separately with respective costs;

Additional Provisions/Resources

The provisions noted in this policy are not intended to be an exhaustive list of Minnesota laws. Additional resources on purchasing include:

- Handbook for Minnesota Cities, published by the League of Minnesota Cities
- Emergency Contracts, published by the League of Minnesota Cities
- City of Hastings Finance Department

Authority for Implementation and Enforcement

All employees are responsible for adhering to this policy when purchasing goods or services. Managers are responsible for monitoring performance within their areas of jurisdiction. The City Administrator is the chief purchasing officer of the city. Responsibility for administering established Purchasing Policies and Procedures has been delegated to the Finance Department.



FEDERAL GRANT GUIDANCE

Purpose

The purpose of this policy is to ensure compliance with the requirements of the federal Uniform Grant Guidance regulations by establishing uniform administrative requirements, cost principles, and audit requirements for federal grant awards received by the city.

Conflict of Interest

- Employee Conflict of Interest: No employee, officer, or agent may participate in the selection, award, or administration of a contract supported by a federal award if he or she has a real or apparent conflict of interest. Such a conflict of interest would arise when the employee, officer, or agent, any member of his or her immediate family, his or her partner, or an organization which employs or is about to employ any of the parties indicated herein, has a financial or other interest in or a tangible personal benefit from a firm considered for a contract. The employees, officers, and agents of the city may neither solicit nor accept gratuities, favors, or anything of monetary value from contractors or parties to subcontracts. However, the city may set standards for situations in which the financial interest is not substantial or the gift is an unsolicited item of nominal value. The standards of conduct must provide for disciplinary actions to be applied for violations of such standards by employees, officers, or agents of the city.
- Organizational Conflicts of Interest: The city is unable or appears to be unable to be impartial in conducting a procurement action involving the related organization because of relationships with a parent company, affiliate, or subsidiary organization.
- Disclosing Conflicts of Interest: The city must disclose in writing any potential conflict of interest in accordance with applicable federal awarding agency policy.

Acceptable Methods of Procurement

- The city must maintain oversight to ensure that contractors perform in accordance with the terms, conditions, and specifications of their contracts or purchase orders.
- The city's procedures must avoid acquisition of unnecessary or duplicative items. Consideration should be given to consolidating or breaking out procurements to obtain a more economical purchase. Where appropriate, an analysis will be made of lease versus purchase alternatives and any other appropriate analysis to determine the most economical approach.
- The city must award contracts only to responsible contractors possessing the ability to perform successfully under the terms and conditions of a proposed procurement. Consideration will be given to such matters as contractor integrity, compliance with public policy, record of past performance, and financial and technical resources.

- The city must maintain records sufficient to detail the history of procurement. These records will include, but are not necessarily limited to, the following: rationale for the method of procurement; selection of the contract type; contractor selection or rejection; and the basis for the contract price.
- The city alone must be responsible, in accordance with good administrative practice and sound business judgment, for the settlement of all contractual and administrative issues arising out of procurements. These issues include, but are not limited to, source evaluation, protests, disputes, and claims. These standards do not relieve the city of any contractual responsibilities under its contracts.
- The city must take all necessary affirmative steps to assure that minority businesses, women's business enterprises, and labor surplus area firms are used when possible.
- The city must use one of the following methods of procurement:
 - Procurement by micro-purchase: acquisition of supplies or services where the aggregate dollar amount does not exceed the micro-purchase threshold, generally \$10,000, except as otherwise discussed in 48 C.F.R. Subpart 2.1 or as periodically adjusted for inflation.
 - Procurement by small purchase procedures: relatively simple and informal procurement methods for securing services, supplies, or other property that do not cost more than \$150,000 (periodically adjusted for inflation).
 - Procurement by sealed bids (formal advertising): publicly solicited and a firm, fixed-price contract (lump sum or unit price) awarded to the responsible bidder whose bid, conforming to all the material terms and conditions of the invitation for bids, is the lowest in price.
 - Procurement by competitive proposals: normally conducted with more than one source submitting an offer, and either a fixed-price or cost-reimbursement type contract is awarded. Competitive proposals are generally used when conditions are not appropriate for the use of sealed bids.
 - Procurement by noncompetitive proposals: procurement through solicitation of a proposal from only one source.
- Competition. The city must have written procedures for procurement transactions. These procedures must ensure that all solicitations:
 - Incorporate a clear and accurate description of the technical requirements for the material, product, or service to be procured. Such description must not, in competitive procurements, contain features which unduly restrict competition. The description may include a statement of the qualitative nature of the material, product, or service to be procured and, when necessary, must set forth those minimum essential characteristics and standards to which it must conform if it is to satisfy its intended use. Detailed product specifications should be avoided if at all possible. When making a clear and accurate description of the technical requirements is impractical or uneconomical, a "brand name or equivalent" description may be used as a means to define the performance or other salient requirements of procurement. The specific features of the named brand which must be met by offers must be clearly stated; and
 - Identify all requirements which the offerors must fulfill and all other factors to be used in evaluating bids or proposals.
 - The city must ensure that all prequalified lists of persons, firms, or products which are used in acquiring goods and services are current and include enough qualified sources to ensure maximum

open and free competition. Also, the city must not preclude potential bidders from qualifying during the solicitation period.

- Non-federal entities are prohibited from contracting with or making subawards under “covered transactions” to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include procurement contracts for goods and services awarded under a grant or cooperative agreement that are expected to equal or exceed \$25,000.
- All non-procurement transactions entered into by a recipient (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions, unless they are exempt as provided in 2 C.F.R. § 180.215.

Managing Equipment and Safeguarding Assets

- Property Standards. The city must, at a minimum, provide the equivalent insurance coverage for real property and equipment acquired or improved with federal funds as provided to property owned by the non-federal entity. Federally owned property need not be insured unless required by the terms and conditions of the federal award.

The city must adhere to the requirements concerning real property, equipment, supplies, and intangible property set forth in 2 C.F.R. §§ 200.311, 200.314, and 200.315.

- Equipment

Management requirements. Procedures for managing equipment (including replacement equipment), whether acquired in whole or in part under a federal award, until disposition takes place will, at a minimum, meet the following requirements:

- Property records must be maintained that include a description of the property; a serial number or other identification number; the source of the funding for the property (including the federal award identification number (FAIN)); who holds title; the acquisition date; the cost of the property; the percentage of the federal participation in the project costs for the federal award under which the property was acquired; the location, use, and condition of the property; and any ultimate disposition data, including the date of disposition and sale price of the property.
- A physical inventory of the property must be taken and the results reconciled with the property records at least once every two years.
- A control system must be developed to ensure adequate safeguards to prevent loss, damage, or theft of the property. Any loss, damage, or theft must be investigated.
- Adequate maintenance procedures must be developed to keep property in good condition.
- If the city is authorized or required to sell the property, proper sales procedures must be established to ensure the highest possible return.

Financial Management Requirements

- **Financial Management.** The city’s financial management systems, including records documenting compliance with federal statutes, regulations, and the terms and conditions of the federal award, must be sufficient to permit the preparation of reports required by general and program-specific terms and conditions; and the tracing of funds to a level of expenditures adequate to establish that such funds have been used according to the federal statutes, regulations, and the terms and conditions of the federal award.
- **Payment.** The city must be paid in advance, provided it maintains or demonstrates the willingness to maintain both written procedures that minimize the time elapsing between the transfer of funds and disbursement between the city and the financial management systems that meet the standards for fund control. Advance payments to a city must be limited to the minimum amounts needed and timed to be in accordance with the actual, immediate cash requirements of the city in carrying out the purpose of the approved program or project. The timing and amount of advance payments must be as close as is administratively feasible to the actual disbursements by the non-federal entity for direct program or project costs and the proportionate share of any allowable indirect costs. The city must make timely payment to contractors in accordance with the contract provisions.
- **Internal Controls.** The city must establish and maintain effective internal control over the federal award that provides reasonable assurance that the city is managing the federal award in compliance with federal statutes, regulations, and the terms and conditions of the federal award. These internal controls should be in compliance with guidance in “Standards for Internal Control in the Federal Government,” issued by the Comptroller General of the United States, or the “Internal Control Integrated Framework,” issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

The city must comply with federal statutes, regulations, and the terms and conditions of the federal award. The city must also evaluate and monitor the city’s compliance with statutes, regulations, and the terms and conditions of the federal award. The city must also take prompt action when instances of noncompliance are identified, including noncompliance identified in audit findings. The city must take reasonable measures to safeguard protected personally identifiable information considered sensitive consistent with applicable federal and state laws regarding privacy and obligations of confidentiality.

Allowable Use of Funds and Cost Principles

- **Allowable Use of Funds.** The city administration and city council will enforce appropriate procedures and penalties for program, compliance, and accounting staff responsible for the allocation of federal grant costs based on their allowability and their conformity with federal cost principles to determine the allowability of costs
 - **Definitions**
 1. “Allowable cost” means a cost that complies with all legal requirements that apply to a particular federal program, including statutes, regulations, guidance, applications, and approved grant awards.

2. “Omni Circular” or “2 C.F.R. Part 200s” or “Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards” means federal cost principles that provide standards for determining whether costs may be charged to federal grants.
 3. “Advance payment” means a payment that a federal awarding agency or passthrough entity makes by any appropriate payment mechanism, including a predetermined payment schedule, before the non-federal entity disburses the funds for program purposes.
- Allowable Costs. The following items are costs that may be allowable under the 2 C.F.R. Part 200s under specific conditions:
 - Advisory councils;
 - Audit costs and related services;
 - Bonding costs;
 - Communication costs;
 - Compensation for personal services;
 - Depreciation and use allowances;
 - Employee morale, health, and welfare costs;
 - Equipment and other capital expenditures;
 - Gains and losses on disposition of depreciable property and other capital assets and substantial relocation of federal programs;
 - Insurance and indemnification;
 - Maintenance, operations, and repairs;
 - Materials and supplies costs;
 - Meetings and conferences;
 - Memberships, subscriptions, and professional activity costs;
 - Security costs;
 - Professional service costs;
 - Proposal costs;
 - Publication and printing costs;
 - Rearrangement and alteration costs;
 - Rental costs of building and equipment;
 - Training costs;
 - and Travel costs.
 - Costs Forbidden by Federal Law. 2 CFR Part 200s identify certain costs that may never be paid with federal funds. The following list provides examples of such costs. If a cost is on this list, it may not be supported with federal funds. The fact that a cost is not on this list does not mean it is necessarily permissible. Other important restrictions apply to federal funds, such as those items detailed in the 2 CFR Part 200s; thus, the following list is not exhaustive:

Advertising and public relations costs (with limited exceptions), including promotional items and memorabilia, models, gifts, and souvenirs;
Alcoholic beverages;
Bad debts;
Contingency provisions (with limited exceptions);
Fundraising and investment management costs (with limited exceptions);
Donations;
Contributions;
Entertainment (amusement, diversion, and social activities and any associated costs);
Fines and penalties;
General government expenses (with limited exceptions pertaining to Indian tribal governments and Councils of Government (COGs));
Goods or services for personal use;
Interest, except interest specifically stated in 2 C.F.R. § 200.441 as allowable;
Religious use;
The acquisition of real property (unless specifically permitted by programmatic statute or regulations, which is very rare in federal education programs);
Construction (unless specifically permitted by programmatic statute or regulations, which is very rare in federal education programs); and
Tuition charged or fees collected from students applied toward meeting matching, cost sharing, or maintenance of effort requirements of a program.

- Program Allowability

Any cost paid with federal funds must be permissible under the federal program that would support the cost.

Many federal programs detail specific required and/or allowable uses of funds for that program. Issues such as eligibility, program beneficiaries, caps or restrictions on certain types of program expenses, other program expenses, and other program specific requirements must be considered when performing the programmatic analysis.

- Approved Plans, Budgets, and Special Conditions

All costs must be consistent with approved program plans and budgets.

Costs must also be consistent with all terms and conditions of federal awards, including any special conditions imposed on the city's grants.

- Training

The city will provide training on the allowable use of federal funds to all staff involved in federal programs.

The city will promote coordination between all staff involved in federal programs through activities, such as routine staff meetings and training sessions.

- Employee Sanctions. Any city employee who violates this policy will be subject to discipline, as appropriate, up to and including the termination of employment.



FUND BALANCE POLICY

The City of Hastings has established a policy to maintain appropriate fund balance levels for each of the City's funds. Fund balances are necessary in order to maintain adequate reserves for cash flow, capital replacements, compensated absences and contingency. This policy is established to provide guidance on how to designate fund balance at the end of each fiscal year. The policy will address two of the City's major types of funds: Governmental Funds and Enterprise Funds.

GOVERNMENTAL FUNDS

There are five classifications of Governmental Fund Balance:

- Non-spendable-resources that are permanently precluded from conversion to cash. Such items include prepaid items, inventory, land held for resale, and long-term receivables that are not otherwise restricted, committed, assigned, or offset by deferred revenue.
- Restricted-resources that are constrained to a specific purpose by enabling legislation, external parties, or constitutional provisions. Examples include fund balance related to unspent bond proceeds, tax increments, debt service fund balances, and park dedication fees.
- Committed-resources that are constrained by City Council resolution for a specific purpose. Fund balance commitment resolutions must be completed before December 31st to be effective for that fiscal year and remain in effect until the commitment is changed or eliminated by Council resolution.
- Assigned-resources that are intended for a specific purpose by City Administration. This would include any remaining positive fund balance in all funds other than the general fund. The City Finance Director (or designee) shall have the authority to assign fund balance.
- Unassigned-remaining resources which are available for any purpose.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed. When any combination of committed, assigned, and unassigned resources are available for use, it is the City's policy to use committed resources first, then assigned, then unassigned resources as they are needed. The City will strive to maintain a year-end unassigned fund balance in the Governmental Funds in the range of 35%–45% of the subsequent year's budgeted expenditures. Since a significant source of revenues in the Governmental Funds comes from property taxes, maintaining a fund balance that is within that range of operating expenditures ensures that sufficient resources are available to fund basic City functions between property tax settlements. This range is in conformance with guidance from the Office of the State Auditor (OSA).

Use of Governmental Fund Balances. Available fund balances at year-end will be kept at a minimum of 35% of the subsequent year's budgeted expenses. Should the year-end actual amount of the unassigned general fund balance fall below the 35%, the City shall create a plan to restore to the appropriate levels. An unassigned balance up to 45% may be retained. Any unassigned surplus exceeding 45% upon the completion of the previous year's audit, will be available for the City council to transfer to a capital project fund, or other special reservation made for those funds.

Use Parameters

- The fund balance is first and foremost the City's first-line contingency account and is looked upon as a savings account.

- Appropriations of the fund balance should be for projects or expenditures of community-wide benefit. Fund balance should not be spent on projects that, absent this funding source, would not be considered on their own merits. Fund balance expenditures could eliminate existing tax levies or assist in avoiding future tax levies. Appropriations of fund balance should not replace other revenue streams in support of required ongoing operational programs or service delivery. Non-replacement of other revenue streams assumes that fees are at proper levels to support related programs, other revenue sources are appropriately collected to support related activities, and taxes are at fair and competitive levels to support the community's desired level of programs and services. Fund balance appropriations should therefore be viewed as available for one-time or transitional expenditures only.

DEBT SERVICE FUNDS

Fund balances for the debt service funds are restricted up to the amount of the outstanding principal and interest of the bonds for which the fund was established. Fund balances in excess of the restricted fund balance in special assessment improvement debt service funds are deemed committed fund balance, and upon closing of the debt service fund are to be transferred to the debt redemption fund upon closing. The debt redemption fund is spent by directive of the City Council.

CAPITAL PROJECTS FUNDS

- Fund balances for TIF district capital projects funds are subject to State statutes restrictions and, accordingly, constitute restricted fund balances.
- Fund balances for capital projects funds that are funded by grants from government agencies or other external organizations also constitute restricted fund balances.

Fund balances for other capital projects funds are considered assigned for the project or purpose for which the fund was established.

ENTERPRISE FUNDS (Utility Funds Only)

Utility Funds are used to account for the financial activities associated with providing services. When implementing any rate changes, the City intends to meet the following financial management targets:

Available cash on hand to cover the following objectives:

- Six months of operating cash
- Following year debt service payments
- Next year planned capital expenditures

Previously adopted: December 2015

Updated: August 2020



Levy/Budget Discussion
Council Workshop
August 17, 2020

2021 Proposed Levy & Budget Discussion

- Summary
- Proposed Levy Changes
- Historical Impacts
- Residential Home Impact
- Other Considerations

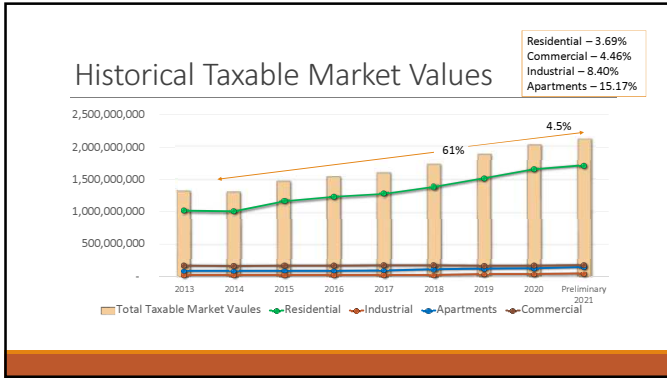
Summary

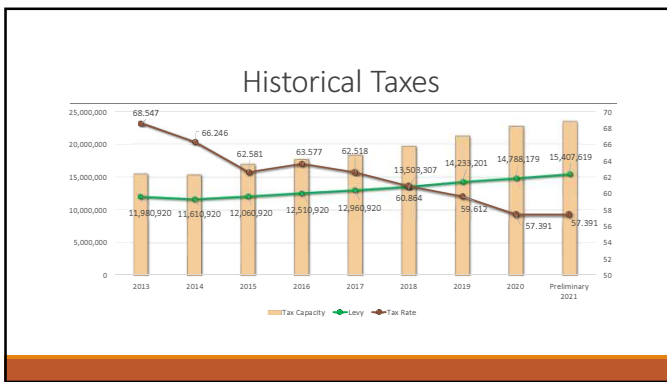
- ❖ No new personnel or increased hours
- ❖ Operating expenditures held to 2020
- ❖ Revenue adjustments to match actual
- ❖ 2% COLA adjustment on wages
- ❖ Increase employer contribution for healthcare
- ❖ No reliance on Local Government Aid (LGA) for capital
- ❖ Tax levy rate held the same as 2020

	2020	2021	Increase	% Change
City Levy	\$ 14,788,179	\$ 15,407,619	\$ 619,440	4.19%
Employee Retention & Recruitment	\$ 459,824			3.11%
				281,879 2% COLA & Related PERA, FICA/Med
				124,634 10% Healthcare Contribution
				(17,883) 2020 Staffing Changes
				71,194 Step Increases & Related PERA, FICA/Med
Revenue Changes	\$ (58,360)			-0.39%
				(43,399) Tower Antenna revenue increase
				25,000 Police reduction in School crossing guard revenue
				15,000 Police reduction in Local Grants & aids
				20,000 Police reduction in Dakota County court fines
				35,888 Hydro Transfer in reduction \$50,000
				9,000 Decrease in softball revenue
				(5,000) Rural Fire Contract Increase
				65,000 Decreased Ambulance Revenue
				70,000 Loss of Rental Revenue Arena
				(249,849) Levy to supplement 2016 Neighborhood project overrun
Remaining	\$ 217,976			

	2020	2021	Increase	% Change
City Levy	\$ 14,788,179	\$ 15,407,619	\$ 619,440	4.19%
Remaining	\$ 217,976			
Expenditure Changes	\$ (23,024)			-0.16%
				20,000 Mayor/Council Mural carryover
				10,000 Finance increased audit costs including Single Audit
				(64,687) Elections
				10,000 Facilities Repair Maintenance Equip
				9,905 IT Consultant
				11,989 IT Maintenance Contracts
				32,420 City Match for COPS Police Officer
				(147,811) Dakota County Dispatch Reduction
				(23,000) Streets Chemicals
				35,400 Streets Upkeep Grounds
				25,000 Sidewalks Maintenance
				(12,500) Street sign repair
				50,000 Operating Transfer Out To Retiree Health
				(15,200) Fire Consultant
				15,000 Ambulance Chemicals
				20,460 All Other
Remaining	\$ 241,000			

	2020	2021	Increase	% Change
City Levy	\$ 14,788,179	\$ 15,407,619	\$ 619,440	4.19%
Remaining	\$ 241,000			
Additional Initiatives	\$ 241,000			1.63%
				81,100 Fire Truck Interfund Loan Payment
				159,900 Available for additional initiatives
HEDRA Levy	\$ 372,196	\$ 372,196	-	





Preliminary Tax Impact-Residential (4.19% Levy)

Home Value	Taxable Market Value Increase	City Estimated Tax 2021	City Tax 2020	Due to change in value	Due to change in tax rate
234,000	0%	1,250	1,250	0	0
234,000	3.69%	1,304	1,250	\$54	0
325,000	0%	1,819	1,819	0	0
325,000	3.69%	1,894	1,819	\$75	0
425,000	0%	2,439	2,439	0	0
425,000	3.69%	2,529	2,439	\$90	0

Capital

- LGA availability
- Capital projects and equipment grouped by priority
- Utilizing other funding sources

Bonding Projects

- \$500,000 for 2021 Neighborhood Street Project
 - 2022 levy requirement of \$58,000
- \$2,000,000 for Water Capital
 - Debt service requirement included in Utility Analysis
- \$2,000,000 for City Hall Dome if not funded by State (plus \$2,600,000 for City match)
 - 2022 levy requirement of \$230,000, plus additional for City match
- \$1,100,000 for Hwy 316 if no additional funding from State or County
 - 2022 levy requirement of \$130,000

Other

- Emerald Ash Borer, up to \$60,000
- \$10,000 Loop Bus
- \$25,000 County Road 42 Study
- \$5,000 Diversity Training
- \$960 for a 2% increase in Council Wages for 2021

Other Budget Considerations

Preliminary Tax Impact

2021 tax rate estimate 57.391% held same as 2020	Levy of \$15,407,619 an increase of 4.19%	1% levy equates to approximately \$154,100
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HEDRA 2021 BUDGET PRIORITIES

- Housing – \$10,000 consultant services
 - Vermillion Street Corridor – \$60,000 Redevelopment assistance.
 - UBC Lumber Redevelopment – \$20,000 to examine redevelopment and relocate City storage.
 - Site Acquisition - \$180,000 purchase of Vermillion Street\,Downtown redevelopment sites.
 - Commercial & Residential Rehabilitation loans - \$170,000 to fund ongoing programs.
 - Downtown Environmental Cleanup - \$100,000 includes 1.5 acres north of Artspace and the block behind Graphic Design.
 - Community Development Intern - \$10,000 assist with data collection and research.
 - Marketing - \$10,000 advertisement of development sites and attributes.
- HEDRA special levy is limited to .0185 percent of estimated market value. The council typically passes a resolution for the maximum available amount for HEDRA.

Next Steps



Questions and Discussion
